UNITED STATES DEPARTMENT OF AGRICULTURE

Bureau of Agricultural Economics

FOOD CONTROL DURING FORTY-SIX CENTURIES

A Contribution to the History of Price-Fixing

By Mary G. Lacy, Librarian
Bureau of Agricultural Economics

(A reprint of an address
before the Agricultural History Society
Washington, D. C., March 10, 1922)

Washington, D. C.

This address was issued in mimeographed form in 1922 by the Bureau of Markets and Crop Estimates which has since been combined with the Office of Farm Management to form the present Bureau of Agricultural Economics. It was also published in the Scientific Monthly, v.16, no.6, June 1923, p.623-637. Owing to the renewed interest in price-fixing and the resulting demand, this address has been reissued in this form August 1933.

FOOD CONTROL DURING FORTY-SIX CENTURIES

A Contribution to the History of Price-Fixing*

by

Mary G. Lacy
Librarian, Bureau of Markets, and Crop Estimates
U. S. Department of Agriculture

The man, or class of men, who controls the supply of essential foods is in possession of the supreme power. The safeguarding of the food supply has therefore been the concern of governments since they have been in existence. They had to exercise this control in order to hold the supreme power, because all the people need food and it is the only commodity of which this is true.

In connection with this control it would seem that every possible expedient and experiment had been tried. One of the most frequent methods of control used has been the limitation of prices by legal enactment. The results have been astonishingly uniform considering the variety of conditions and circumstances under which the experiments have taken place. They make an interesting record and one which contains food for thought, for the problem of the people's welfare has been much the same in all ages and it is not yet solved.

Egypt. 2830 B.C.

As far back as the fifth Dynasty in Egypt, which historians place at 2830 B.C. at the latest, there was inscribed on the tomb of the Nomarch Henku "I was lord and overseer of southern grain in this nome."

---

*No attempt has been made in this paper to cover the history of Price-fixing since 1800, Government monopolies such as the Brazilian valorization of coffee, the tobacco monopoly in France, and that of sugar in Germany as well as others which might be mentioned, have been fully reported by others. The history of price-fixing in the U.S. during the War of 1914-18 has also been written in the Bulletins of the War Industries Board on the History of prices during the war. Litman gives a good account for Great Britain and the U.S. in his "Prices and price control in Great Britain and the U.S. during the War."

In the book of Genesis [12] there are various references dating back to the time of Abraham, to the fact that Egypt was a granary where all the people were sure of finding a plenteous store of corn.

The well known story of Joseph shows how the control of the food supply by the government reduced a people to slavery.. Joseph gathered and stored for Pharoah in years of abundance one fifth of all the harvests. The improvident Egyptians lived well and laid by no stores. When famine came they and the people in the nearby countries went to Joseph and bought food from him until all their money was gone, then they gave him their cattle for food. After they had bartered away all their cattle they offered their land and themselves in exchange for subsistence. Having thus reduced them to slavery as the price of life Joseph about 1700* B.C. gave them seed and put them on the land again. Flavius Josephus tells the story as follows:

> "When famine came, the multitude, sorely oppressed, repaired in crowds to the stores and magazines of the king. The situation of the poorer and common sort was piteous beyond description; for having laid in but a very scanty store, and not being able to obtain a supply without ready money, when that was exhausted, they were reduced to the necessity of exchanging their cattle, slaves, lands, nay their last little all, to procure grain from the king's granaries to protract a needy miserable life. When, by these means they became totally destitute, they were abandoned to a desolate world, that the king might secure their bartered possessions... But when at length the river overflowed, watered the earth, revived drooping nature, and produced a fertile aspect, Joseph made the tour of the kingdom, and summoning his respective landholders, restored to them such parts as they had sold to the king, on condition of their paying a fifth, as tribute to him by virtue of his prerogative, and then enjoined them to the same diligence in their improvements, as if they were to derive the emoluments resulting from the whole. Transported at the returning prospect of plenty, and the restitution of their landed property, the people applied themselves to agriculture with unremitting assiduity; so that by this well-timed act of policy, Joseph established his own authority in Egypt, and increased the standing revenue of all its succeeding monarchs."

---

*Some scholars place the date at 2082 B.C. and still others at 1500 B.C. It was probably in the reign of Aphobis, at the end of the 17th dynasty, according to Dr. Henry Brugsch, in his history of Egypt under the Pharaohs. Trans. by Philip Smith. (London, John Murray, v.1, p.300-306.)

The great Egyptologist Erman [9] corroborates the testimony of Josephus by giving an account of the government control over grain, and descriptions of the granaries* which were surprisingly like our elevators--the grain being poured in at the top and taken out at the bottom by means of a sliding door. The outstanding result of the Egyptian control of the grain crop was a system of land tenure by which the land became the property of the monarch, and was rented from him by the agricultural class.

China 424 - 387 B.C.

In his study entitled "The Economic principles of Confucius and his School" Dr. Chen tells us that in China [6] it was recognized from very early times that

> "...there are two sets of interests, those of producers and those of consumers. But nothing more markedly affects the interests of both sides at once than prices. Therefore, price is the great problem for society as a whole. According to the Confucian theory, the government should level prices by the adjustment of demand and supply, in order to guarantee the cost of the producer and satisfy the wants of the consumer.
>
> "Its chief aim is to destroy all monopoly so that the independent or small producer can be protected on the one side, and the consumer on the other. It prevents the middle-man from making large profits, and gives the seller and buyer full gain." "It is the task of the superior man to adjust demand and supply so as to keep prices on a level."

The means used by the Chinese government to this end are of the greatest interest, because of the economic principles involved and also because of their antiquity.

---

*Original Sources:

Lepsius, Richard. Denkmaler aus Aegypten und Aethiopien. Berlin. 1849-59. v.3. p.76, 77.

Papyrus Abbott, published in the "Select Papyri in the Hieratic character from the collections of the British museum, London, 1844-60.

We are told that "According to the official system of Chou (about 1122 B.C.) the superintendent of grain looked around the fields and determined the amount of grain to be collected or issued, in accordance with the condition of the crop; fulfilling the deficit of their demand and adjusting their supply." [6]

> "When Li K'o became the minister of Wei he said that if the price of grain were too high, it would hurt the consumers, and that if it were too low, it would hurt the farmers. If the consumers were hurt the people would emigrate, and if the farmers were hurt, the state would be poor. The bad results of a high price and a low price are the same. Therefore, a good statesman would keep the people from injury and give more encouragement to the farmers."

After describing the bad condition of the farmers he gives the following for equalizing the price of grain.

> "Those who want to equalize the price of grain must be careful to look at the crop. There are three grades of good crops: The first, the second and the lowest. In an ordinary year one hundred acres of land yield one hundred fifty bushels of grain." In the first grade of good crop the amount is four-fold, - that is, one hundred acres yield six humdred bushels. Throughout one year, a family of five persons needs two hundred bushels for their living, so that they have a surplus of four hundred bushels. The government should buy three hundred bushels from them, leaving them a surplus of one hundred bushels. In the second grade of good crop, the amount of grain is three fold, -- that is, one hundred acres yield four hundred fifty bushels. The family would then have a surplus of three hundred bushels. The government should buy two hundred bushels leaving them one hundred bushels. In the lowest grade of good crop, the amount is two fold, -- that is, three hundred bushels. The family would then have a surplus of one hundred bushels. The government should buy fifty bushels and leave them the other half. The purchase of the government is for the purpose of limiting the supply according to the amount demanded by the people, and it should be stopped when the price is normal. This policy will prevent the price of grain from falling below the normal and keep the farmers from injury.

---

*It is evident from the context that "grain" as used in these translations means <u>rice</u>.

"There are also three grades of famine: the great famine, the middle famine and the small famine. During the small famine one hundred acres yield two-thirds as much grain as in the ordinary year, -- that is, one hundred bushels. The government should then sell at the normal price what it has bought in the lowest grade of good crop. During the middle famine, the hundred acres yield one-half as much grain as in an ordinary year, that is, seventy bushels. The government should now sell what it has bought in the second grade of good crop. During the great famine the amount of grain is only one-fifth of what it is in an ordinary year, - that is thirty bushels. The government should sell what it has bought in the first grade of good crop. Therefore, even if famine, flood and drought should occur, the price of grain would not be high, and the people would not be obliged to emigrate. This would come about because the government takes the surplus of good crops to fill the insufficiency of bad years. In other words, the government controls the excess of supply in a good year in order to meet the demand in a bad year.

"The Policy of Li K'o is for the benefit of both society as a whole and the agricultural class... when his scheme was carried out in Wei, he not only made the people rich, but also made the state strong."

The principle of adjusting the supply and demand of grain is found also in the writing of Mencius who lived 372-289 B.C. Dr. Chen quotes him as saying to King Hui of Laing:

"When the grain is so abundant that the dogs and swine eat the food of man, you do not make any collection for storage. When there are people dying from famine on the roads, you do not issue the stores of your granaries for them. When people thus die, and you say 'It is not owing to me; it is owing to the year,' in what does this differ from stabbing a man and killing him, and then saying, 'It was not I; it was the weapon'?"

The starving millions of China during 1921, might well have wished for so statesmanlike an advocate in the councils of their government as this fearless economist three hundred years before the Christian era. Dr. Chen proceeds to say:

"The principle of equalizing the price of grain advocated by Li K'o and Mencius was adopted into the system of 'constantly normal granary.' During the reign of Han Hsuan Ti, when there were good crops for many years, the price of one bushel of grain was as low as five pennies. Then the farmers suffered greatly. In 498 (54 B.C.) Keng Shou-ch'ang proposed that the government should buy grain from places near the capital instead of transporting it from the eastern provinces. According to the old custom of the Han dynasty, the government transported annually

from the eastern provinces four million bushels of grain to supply the capital, which was in the province of Shensi, in Northwestern China. As this transportation was by means of the waterway, the number of laborers amounted to sixty thousand. By the plan of Ken Shou-ch'ang, which was approved and carried out by the emperor, the government saved more than half the expenses of transportation, and the farmers got more profit. Then Keng Shou-ch'ang proposed that all the provinces along the boundary of the empire should establish granaries. When the price of grain was low, they should buy it at the normal price, higher than the market price, in order to profit the farmers.

Dr. Chen points out that the equalization of the price of grain is a very beneficial and practical scheme. It benefits the people without cost to the state. When the price is too low, though the government buys the grain at a price higher than the market rate, this does not mean a waste to the government. When the price is too high, though the government sells the grain at a price lower than the market rate, it does not mean a loss to the government. Even if it should be an expense to the government the social benefit is much greater than the public expense. On the contrary, as a matter of fact, the system has been more than once administered so as to make money for the government.

The few criticisms which have been made of it are shown by Dr. Chen "...To be the results not of the original law itself, but of the administration of man. The chief difficulty in administering it is that it is not easy for officials to undertake commercial functions along with political duties."

Athens. 404-337 B.C.

Xenophen [2] tells us that in Athens a knowledge of the grain business was considered one of the qualities of a statesman. This was probably because Attica needed a considerable importation of grain, as the country did not produce a sufficient amount for its needs. It was brought to market in the Piraeus from all quarters, from Pontus, Thrace, Syria, Egypt,

Lybia and Sicily. A great quantity was imported, but not all for domestic use,-- some of it was to be sold in the Piraeus to foreigners. It has been estimated by Boeckh[2] that Attica needed annually 3,400,000 medimni* of grain, about half of which it could produce in a good season. This left, as the lowest of needed importations, 1,700,000 medimni or 1,133,333-1/3 bushels. In an unpropitious season, when the domestic crop was scanty, this amount of importation was far from sufficient, so that one of the first objects of an Athenian statesman was to provide for an adequate supply of imported grain, and the regulations in regard to the grain trade were very important. Boeckh in his "Public economy of the Athenians" says:

> "The exportation of grain was absolutely prohibited. It was required by law that two-third of the grain which came from a foreign country to the Attic emporium should be brought into the city: that is only a third of the grain brought into the emporium in the Piraeus could be exported from it to other lands. The execution of this law was committed to the overseers of the emporium.
>
> "In order to prevent as much as possible the accumulation of grain and the withholding it from sale, forestalling it was confined within very narrow bounds. It was not allowed to buy at one time more than fifty backloads. (About 75 bushels). The transgression of this law was punished with death. The grain dealers were also not permitted to sell the medimnus of grain at a higher price than one obulus (three cents) more than they had paid for it. These dealers, who were commonly aliens under the protection of the state, enhanced the price, notwithstanding by overbidding others in the purchase of grain in time of scarcity, and they often sold it the same day on which they purchased it at an advance of a drachma (17.1 cents) on the medimnus. Lysias cannot relate particulars enough respecting the profligacy of these extortioners. They were hated full as much as the same class in modern times... 'Were they not menaced with the punishment of death,' said he, 'They would hardly be endurable.' While the Ageranomi (Market masters) had the superintendence of the sale of all other commodities, the state, in order to prevent the extortion of the grain dealers, appointed a particular body of officers called the Sitephylaces (grain inspectors) to have the oversight of this single business... They kept accounts of the grain imported, and besides the oversight of grain, they had also the inspection of meal and bread, that they might be sold according to legal weight and price."

---

*A medimnus was equal to 2/3 of a bushel or 8 gallons.

The Oration against the grain dealers delivered by Lysias[19] about 387 B.C. is of the greatest interest because of the light it throws on the speculative practices of the grain dealers in Athens, the great wheat market of the eastern Mediterranean, and the attempts of an harrassed government to control them. From it we glean that in spite of the rigorous laws which were in force regulating the traffic in grain, that "corners" were not uncommon - He wrote:

> "For when you happen to be most in want of grain, they grab it and are unwilling to sell, and you may be well satisfied to buy from them at any price whatever and take your leave of them so that sometimes when there is peace we are reduced to a state of siege by them."

We learn also that the "market masters," who as we have said before had the superintendence of the sale of all other commodities, were not considered sufficient to handle the grain trade also but that "grain inspectors" were appointed for this duty alone and it required fifteen of them to take care of the trade in the city and port of Athens." Being a grain inspector at that time was no sinecure for Lysias says,

> "Oftimes you imposed upon them, citizens though they were, the most severe penalties, because they were unable to master the scoundrelism of these dealers. What then should the malefactors themselves suffer at your hands, when you even put to death those who are not able to maintain a watch over them."

We learn further that there were "combinations in restraint of trade" at this early date nearly four centuries before the Christian era, for Lysias says,

> "For if you shall find them guiltless when they themselves admit that they made a combination against the im-

*The population of the whole of Attica at this time was about 500,000 of which Athens comprised about 180,000.

> porters, you will seem to plot against the skippers who came here."

We also learn that the results of even the most severe punishments, unaccompanied by any constructive substitute for the forbidden practices, were highly unsatisfactory for Lysias says,

> "But it is necessary, gentlemen of the jury, to chastise them not only for the sake of the past, but also as an example for the future; for as things now are they will be hardly endurable. And consider that in consequence of this vocation very many already have stood trial for their life; and so great are the emoluments which they derive from it that they prefer to risk their life every day rather than to cease to draw from you unjust profits. And indeed not even if they entreat you and supplicate, would you justly pity them, but much more rather the citizens who perished on account of their wickedness, and the importers against whom they made a combination... If then you shall condemn them, you shall act justly and you will buy grain cheaper; otherwise dearer."

Rome. 301-361 A.D.

Rome, not having had the foresight to prevent it, found herself confronted at the close of the third century of the Christian era, with a condition of high prices which was very menacing. Diocletian, with characteristic vigor, proceeded to correct this condition by law and issued his famous Edict[20] in 301 A.D. Abbott[1] tells us:

> "In his effort to bring prices down to what he considered a normal level, Diocletian did not content himself with such half measures as we are trying in our attempts to suppress combinations in restraint of trade, but he boldly fixed the maximum prices at which beef, grain, eggs, clothing and other articles should be sold, and prescribed the penalty of death for anyone who disposed of his wares at a higher figure."

Prices are specified for between seven and eight hundred different items-practically all the articles which his subjects would have occasion to buy. Wages also are fixed - teachers, advocates, bricklayers, tailors, weavers, physicians - all are included. "The carpenter and joiner are paid by the day, the teacher by the month, the knife grinder, the tailor, the

barber by the piece and the coppersmith according to the amount of metal which he uses." Abbott calls attention to the fact that the prices given in the Edict are not normal but maximum. As the prevailing prices were so high however, it is not probable that the maximum prices differed very greatly from them. The net result was failure and the law had to be repealed because of its impotence in correcting the condition of affairs. Lactantius[17] in 314 A.D. writes as follows of Diocletian and his Edict:

> "After that the many oppressions which he put in practice had brought a general dearth upon the empire, then he set himself to regulate the prices of all vendible things. There was also much blood shed upon very slight and trifling accounts; and the people brought provisions no more to markets, since they could not get a reasonable price for them; and this increased the dearth so much, that at last after many had died by it, the law itself was laid aside."

The historian Gibbon[13] tells us that sixty years after Diocletian's effort to control the cost of living by fixing prices, the Emperor Julian made a similar attempt, with no greater success. He writes:

> "The inclemency of the season had affected the harvests of Syria; and the price of bread, in the markets of Antioch had naturally risen in proportion to the scarcity of corn. But the fair and reasonable proportion was soon violated, by the rapacious arts of monopoly. In this unequal contest, in which the produce of the land is claimed by one party as his exclusive property; is used by another as a lucrative object of trade; and is required by a third for the daily and necessary support of life; all the profits of the intermediate agents are accumulated on the head of the defenseless consumers... When the luxurious citizens of Antioch complained of the high price of poultry and fish, Julian publicly declared that a frugal city ought to be satisfied with a regular supply of wine, oil and bread; but he acknowledged that it was the duty of a sovereign to provide for the subsistence of his people. With this salutary view, the emperor ventured on a very dangerous and doubtful step, of fixing by legal authority, the value of corn. He enacted that, in a time of scarcity it should be sold at a price which had seldom been known in the most plentiful years; and that his own example might strengthen

> his laws, he sent into the market four hundred and twenty-two moddi, or measures, which were drawn by his order from the granaries of Hierapolis, of Chalcis, and even of Egypt. The consequences might have been foreseen and were soon felt. The Imperial wheat was purchased by the rich merchants; the proprietors of land, or of corn, withheld from that city the accustomed supply; and the small quantities that appeared in the market were secretly sold at an advanced and illegal price."

Thus ended Julian's attempt to fix prices arbitrarily. It should be noted that both in the case of Diocletian and Julian the effect of the price fixing was the withholding from the market of the needed food, making necessary the abrogation of the laws by which the prices were fixed.

GREAT BRITAIN 1199-1815*

Litman [18] in his "Prices and price control in Great Britain and the U.S. during the world war" tells us that,

> "An attempt to control both the wholesale and the retail price of wine by fixing a maximum was made by the British Government in 1199. The measure failed and in 1330, after a long period of ineffectiveness a new law was passed which required the merchants to sell at a "reasonable" price, the latter to be based on import price, plus expenses. This new measure of control proved as futile as the old one.
>
> "The first attempt to regulate the price of wheat and bread was made in 1202. The most important ordinance on the matter was 51 Henry III. This ordinance fixed changing weights for the farthing loaf to correspond to six penny varieties in the price of the quarter of wheat from 12 pence to 12 shillings. The law was enforced locally on sundry occasions, but fell gradually into disuse."

Not until 1815, however, were the last laws fixing the price of bread repealed, after a continuous existence of five and a half centuries. The official document [14] recommending their repeal enumerates the ways in which these laws have worked out to show that their repeal is in the interest of the public welfare.

---

*The English corn laws from 1804 to 1846 furnish probably the best known instance of Governmental attempts to stabilize prices in more modern times. The corn statutes of these years are simply a record of the impotence of legislation to maintain the price of a commodity at a high point when all the natural economic causes in operation are opposed to it. Encyclopaedia Brit. 11th ed., v.7, p.177.

BELGIUM 1584-85.

John Fiske[11] in one of his essays ascribes the downfall of the city of Antwerp in 1585 to the bungling price-fixing legislation of the Government. He says:

> "The turning point of the great Dutch revolution, so far as it concerned the provinces which now constitute Belgium, was the famous siege and capture of Antwerp. The siege was long and the resistance obstinate and the city would probably not have been captured if famine had not come to the assistance of the besiegers. It is interesting to inquire what steps the civic authorities had taken to prevent such a calemity. Finding that speculators were accumulating and hoarding up provisions in anticipation of a season of high prices, they affixed a very low maximum price to everything which could be eaten, and prescribed severe penalties for all who should attempt to take more than the sum by law decreed. The consequences of this policy were two fold. It was a long time before the Duke of Parma who was besieging the city succeeded in so blockading the Scheldt as to prevent ships laden with eatables from coming in below. Corn and preserved meats might have been hurried into the beleagured city by thousands of tons. But no merchant would run the risk of having his ships sunk by the Duke's batteries merely for the sake of finding a market no better than many others which could be reached with no risk at all. The business of Government is to legislate for men as they are, not as it is supposed they ought to be. If provisions had brought a high price in Antwerp they would have been carried thither. As it was the city by its own stupidity blockaded itself far more effectually than the Duke of Parma could have done.
>
> "In the second place the enforced lowness of prices prevented any general retrenchment on the part of the citizens. Nobody felt it necessary to economize. So the city lived in high spirits until all at once provisions gave out and the government had to step in again to palliate the distress which it had wrought.
>
> "In this way a bungling act of legislation helped to decide for the worse a campaign which involved the territorial integrity and future welfare of what might have become a great nation performing a valuable function in the system of European communities."

INDIA 1770 and 1866

The famines of India are prominent features in her history. William Hunter [15] in his remarkable book entitled "Annals of rural Bengal" writes:

"Lower Bengal gathers in three harvests each year; in the spring, in the early autumn, and in December, the last being the great rice crop, the harvest on which the sustenance of the people depends. The December crop failed utterly in 1770 and fully a third of the population died. This disaster stands out in the contemporary records in appalling proportions. It forms indeed, the key to the history of Bengal during the succeeding forty years.

"In 1770 the Government by interdicting what it was pleased to term the monopoly of grain, prevented prices from rising at once to their natural rates. The province had a certain amount of food in it and this food had to last nine months. Private enterprise if left to itself would have stored up the general supply at the harvest with a view to realizing a larger profit at a later period in the scarcity.

"Prices would in consequence have immediately risen, compelling the population to reduce their consumption from the very beginning of the dearth. The general stock would thus have been husbanded and the pressure equally spread over the whole nine months instead of being concentrated upon the last six. Instead of this the Government in 1770 prohibited under penalties all speculation in rice. A government which in a season of high prices, does anything to check speculation acts about as sagely as the skipper of a wrecked vessel, who should refuse to put his crew upon half rations.

"Very different was the procedure of the Government at the time of the famine of 1866. Far from trying to check speculation, as in 1770, the Government did all in its power to stimulate it. In the earlier famine one could hardly engage in the grain trade without becoming amenable to the law. In 1866 respectable men in vast numbers went into the trade; for the Government by publishing weekly returns of the rates in every district rendered the traffic both easy and safe. Everyone knew where to buy grain cheapest and where to sell it dearest and food was accordingly bought from the districts which could best spare it and carried to those which most urgently needed it.

"In 1770 the price of grain, in place of promptly rising to three half pence a pound, as in 1865-66 continued at three farthings during the earlier months of the famine. During the latter months it advanced to two pence, and in certain localities reached four pence."

Colonial, U. S. 1633-1779

Passing now to the eighteenth century some observations will not be amiss on the price fixing measures resorted to in our country during Colonial days and the early years of the Republic, and also in France during the tragic period of the French Revolution.

Both of these periods have been so ably described that little seems necessary except to give the reference to the literature. Winthrop[24] tells us, in 1633:

> "The scarcity of workmen have caused them to raise their wages to an excessive rate, so as a carpenter would have three shillings the day, a laborer two shillings and six pence, etc.; and accordingly those who had commodities to sell, advanced their prices sometimes double to that they cost in England, so as it grew to a general complaint, which the court, taking knowledge of, as also of some further evils, which were sprung out of the excessive rates of wages, they made an order that carpenters, masons, etc. should take but two shillings the day, and laborers but eighteen pence, and that no commodity should be sold at above four pence in the shilling more than it cost for ready money in England; oil, wine, etc., and cheese, in regard to the hazard of bringing etc., (excepted.)"

Bolles[3] gives an excellent account of the experiment of price fixing in the early years of the United States in the attempt to stop the rise in price of the necessities of life, caused by the declining value of the continental paper currency.

Pelatiah Webster[21] discusses the legal limitation of prices with vigor and lucidity and shows by resistless logic that such legislation defeats its own end in several ways, the most important of which is the withholding of commodities from the market which it inevitably produces.

On December 20, 1777, Sir Henry Clinton, in charge of the British forces occupying New York, made a proclamation[7] as follows:

> "Whereas it is consonant not only to the common principles of humanity but to the wisdom and policy of all well regulated states, in certain exigencies, to guard against the extortion of individuals, who raise the necessaries of life, without which other parts of the community can not subsist; and whereas the farmers in Long Island and Staten Island, are possessed of great quantities of wheat, rye and Indian corn for sale, beyond what they want for their own consumption; and it is highly unreasonable that those who may stand in need of those articles, should be left at the mercy of the farmer; and whereas it is equally just and reasonable that every encouragement should be given to the industry of the husbandman, and that in all public regulations respecting the price of the produce of his lands, regard should be had to that of the conveniences which he is obliged to purchase, and whereas the present rates at which wheat, flour, rye meal, and Indian meal are sold, do vastly exceed in proportion the advance price of those articles which the farmer stands in need of purchasing, and I being well satisfied, from the best information, and most accurate estimates, that the following prices upon the articles above mentioned will be liberal and generous, have thought it fit to issue this Proclamation, and do hereby order and direct, that the prices to be hereafter demanded for the said articles shall not exceed the following rates, viz.
>
> "A bushel of wheat, weighing fifty-eight pounds, twelve shillings, with an allowance or deduction in proportion for a greater or lesser weight. A bushel of rye or Indian corn, seven shillings" etc.

The proclamation proceeds to state that the farmer shall declare how much grain he has and if he presumes to sell for a higher price than the one stipulated or "refuse to sell the same at those prices, shall be subject to have his whole crop of grain, or quantity of flour or meal, concerning which such offence shall happen, seized and confiscated, and himself liable to imprisonment for such offence."

Davis[8] in his able and comprehensive treatment of limitation of prices in Massachusetts, gives much information relating to this subject in the other states also. Felt[10] gives extracts from the text

of the "Act to prevent monopoly and oppression." He also gives the actual prices set for the various commodities, and in appendix 2, gives "Prices of grain etc. appointed by the general court and taken as currency." These prices are of much interest as they go back to 1642 and were legal tender at that time.

Weeden[22] writes in his "Economic and Social History of New England, 1620-1789":

> "The colonial history of the United States affords many instances of the failure of fixed prices to remedy the evils they were designed to cure. The governor and council of New England fixed the price of beaver at 6s in fair exchange for English goods at 30% profit, with the freight added. The scarcity of corn which was selling at 10s "the strike" led to the prohibition of its sale to the Indians. Under the pressure of this prohibition the price of beaver advanced to 10s and 20s per pound, the natives having refused to part with beaver unless given corn. The court was obliged to remove the fixed rate and the price which ruled was 20s. An equally fruitless attempt was made to regulate the price of labor. These regulations were inforced for about six months and then were repealed."

France - 1789-1793.

As regards the limitation of prices in France during the Revolution, there seems nothing to add to Bourne's[4] discussion of this subject in the Journal of Political Economy for February and March, 1919. We cannot fail to note, however, that the system failed signally in France as elsewhere, because supplies were withheld from the markets. The producers could not be forced to declare what they had and without this knowledge the government could not prosecute for withholding them. Bourne writes:

> "The arguments in the convention relative to the matter ran the whole gamut from the principles of economic liberty advocated by the economists of the day to the radical abstractions of Robespierre and his followers, who swept commerce aside by maintaining that 'the food necessary to man is sacred as life itself,' and 'The fruits of the earth like the atmosphere belong to all men.'
>
> "One of the most interesting of the many suggestions

> made in the convention was that of Barbaroux who advocated 'a plan to form local associations to collect and circulate information about the crops. In other words, for co-ercion he would substitute co-operation, believing that the French citizens, farmers and merchants included, would not turn a deaf ear to an appeal for common action against the oncoming peril' (famine). Price fixing finally became one of the characteristic features of the Reign of Terror, and when Robespierre and his councilors passed through the streets of Paris in the carts of the executioners the mob jeered saying 'There goes the dirty maximum.'"

SUMMARY

The history of government limitation of price seems to teach one clear lesson: That in attempting to ease the burdens of the people in a time of high prices by artifically setting a limit to them, the people are not relieved but only exchange one set of ills for another which is greater. Among these ills are (1) the withholding of goods from the market, because, consumers being in the majority, price-fixing is usually in their interest, (2) the dividing of the community into two hostile camps one only of which considers that the government acts in its interest, (3) the practical difficulties of enforcing such limitation in prices which in the very nature of the case requires the cooperation of both producer and consumer to make it effective.

Egypt took entire control of the grain trade and saved the people from starvation, but took over the land in return.

China worked out a system of control of supply and demand which kept prices normal. She seems to have been the only country which recognized the whole price question as being a symptom and not the disease itself, and because she recognized this fact seems to have come nearer than any other country to solving the problem of supplying the people with the food they needed at a price they could pay.

Athens regulated the grain trade and set prices by legal enactment but found herself unable to enforce them.

Rome made a colossal experiment in controlling prices by legal enactment, but it utterly failed.

Great Britain had on her statute books laws fixing the price of bread continuously for more than 500 years. The price of wheat, fish and wine was also regulated, but all such laws were abrogated in 1815, because of their failure to accomplish the purpose for which they were designed.

Antwerp was overthrown in 1585, and at least one historian of note declares that price-fixing legislation was largely responsible for its downfall.

India has learned in the hard school of experience that even in times of famine price-fixing is a very dangerous expedient because it removes one of the most powerful checks on consumption, namely, high prices.

The Colonial United States tried the same experiment at various places and times but failed utterly to secure satisfactory results.

Revolutionary France tried the same measures, but the protagonists of the movement perished on the guillotine. The dreary story of France's efforts to limit prices is distinguished from that of the other countries we have noted because of the proposal of Barbaroux to enlist the aid of both producer and consumer in the effort of the government to control the food supply in the interest of the people's welfare. This proposition was not carried out but it furnished the first indication of the goal of cooperation towards which we are still pressing.

Read before Agricultural History Society, Washington, D.C., March 10, 1922.

13. Gibbon, Edward.
The history of the decline and fall of the Roman Empire, N.Y. Fred de Fau. 1906. v.4, p.111-112.

14. Gt. Britain, Parliament. House of Commons.
Report from the committee of the House of commons on laws relating to the manufacture, sale and assize of bread. 6 June, 1815.

15. Hunter, William W.
Annals of rural Bengal. Ed.7, London, Smith, Elder & Co., 1897.

16. Josephus, Flavious.
History of the antiquities of the Jews. Ed. by George Henry Mayard, London, C. Cooke, 1789. Bk. 11. Chap. VI & VIII.

17. Lactantius, L.C.F.
A relation of the death of the primitive persecutors. Written originally in latin... Englished by Gilbert Burnet, D.D. Amsterdam, 1687. p.67-68.

18. Litman, Simon.
Prices and price control in Great Britain and the United States during the world war. N.Y., Oxford Univ. press. 1920.

19. Lysias.
Against the grain dealers. (In eight orations of Lysias. Ed. by Morris H. Morgan. Boston, Ginn & Co., 1895. p.89-103.) For translation see Botsford, G.W., and E.G. Sihler, Hellenic civilization. N.Y. Columbia Univ. Press 1915. p.426-430.

20. Mommsen, Theodor. Corpus in Scriptionum Latinarum. Berloni apud Georgium Reinerum. 1889. v.3. (Suppl. pt. 1) p.1926-1953.

21. Webster, Pelatiah.
Political essays. Philadelphia. Joseph Cruikshank. 1791. p.11-18.

22. Weeden, William B.
Economic and social history of New England 1620-1789. Houghton, Boston, 1890.

23. Wilkinson, J. Gardner.
The manners and customs of the ancient Egyptians. London. John Murray, 1878. v.2. p.378.

24. Winthrop, John
The history of New England from 1630-1649. Boston, Phelps and Farnham, 1825. v.1. p.116.

LIST OF REFERENCES

1. Abbott, Frank Frost.
The Common people of ancient Rome. New York, Scribner, 1911. p.150-151.

2. Boeckh, August.
The public economy of the Athenians... Tr. by Anthony Lamb. Boston, Little Brown & Co., 1857. Book 1. Chap. 15.

3. Bolles, Albert S.
The financial history of the United States from 1774-1789. 4th ed. New York, D. Appleton, 1896. p.158-173.

4. Bourne, Henry E.
Food control and price-fixing in revolutionary France. (Journal of Political Economy. v.27, p.73-94, 108-209. Feb. and March 1919.)

5. Breasted, James Henry.
Ancient records of Egypt. Chicago, Univ. of Chicago Press, 1906-07 v. 1, p.126.

6. Chen, Huan-Chang.
The economic principles of Confucius and his school. N.Y., Longmans, Green and Co., 1911. (In Columbia Univ. Studies in history, economics and public law. v.44 and 45.)

7. Clinton, Sir Henry.
Proclamation. Dec. 20, 1777. (In the Remembrancer; or impartial repository of public events. Ed. by John Almon. London (v.6.) 1778. p.57-58.)

8. Davis, Andrew McFarland.
The limitation of prices in Massachusetts, 1776-1779. (In Colonial society of Massachusetts. Publications. v.10, Boston, 1907. p.119-134.)

9. Erman, Adolph.
Life in Ancient Egypt... Tr. by H.M. Tirard. London and N.Y. Macmillan & Co., 1894. p.107-108, 433-434.

10. Felt, Joseph B.
An historical account of Massachusetts currency. Boston, Perkins and Marvin, 1839. p.170-173, 184-185, 242-245.

11. Fiske, John.
The unseen world and other essays. Boston, 1904. p.20.

12. Genesis XII, 1-10; XLI, 54; XLII, 2.